

International Travel and Passenger Fares, 1981

NET travel and passenger fare payments declined to \$1.3 billion in 1981, the lowest level in recent years. Receipts increased 21 percent to \$14.6 billion, outpacing a 14-percent increase in payments to \$15.9 billion (table 1).

Receipts from foreign visitors for travel in the United States increased 21 percent, to \$12.2 billion, compared with a 10-percent increase, to \$11.5 billion, in payments by U.S. travelers in foreign countries. For transportation to and from the United States, U.S.-flag carriers received \$2.5 billion,

a 20-percent increase, from foreign visitors, and U.S. travelers paid \$4.5 billion, a 24-percent increase, to foreign-flag carriers. Forty-five percent of all U.S. citizens' departures were on foreign-flag airlines; 41 percent of all foreign visitors' arrivals were on U.S.-flag airlines.

The continued increases in 1981 in international travel and passenger fares—both receipts and payments—occurred in spite of worldwide recession and the attendant rising unemployment. Inflation slowed somewhat in the United States, the United Kingdom, Italy, Japan, and Israel, but in many countries, prices increased at about the same rate as in 1980. Air fares increased further from the high level of 1979-80, adding to the cost of foreign travel. Also, the U.S. dollar appreciated markedly against most major currencies, in contrast to a slight depreciation in 1980. Only some

U.S. residents traveling abroad and expenditures of foreign residents visiting the United States. These expenditures consist of the travel accounts and part of the passenger fare accounts that appear in the U.S. international transactions accounts. They do not cover U.S. carriers' receipts for transporting foreign residents between foreign points, because these receipts do not involve travel to and from the United States. These receipts are included, however, in the passenger fare account in line 5 of tables 1, 2, and 10 of the quarterly presentations of U.S. international transactions.

Travel account payments include expenditures in foreign countries by U.S. visitors for food, lodging, entertainment, transportation purchased abroad, and other expenses incidental to a foreign visit. Excluded are expenditures by U.S. military and other Government personnel stationed abroad, by their dependents, and by U.S. citizens residing abroad. Payments to foreign transoceanic carriers and shipboard expenditures are included in the passenger fare account. Shore expenditures of cruise passengers are included in travel payments.

Travel account receipts include expenditures in the United States by foreigners on business, pleasure, and study trips, and by those in transit for services similar to those indicated for payments. Receipts of U.S. transoceanic carriers from foreigners are included in the passenger fare account.

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Table 1.—International Travel and Passenger Fare Transactions

(Millions of dollars)

	1977	1978	1979	1980	1981
Total travel and passenger fare payments	10,199	11,371	12,897	14,084	15,847
Travel: Payments of U.S. travelers in foreign countries (line 20)	7,451	8,475	9,413	10,397	11,460
Passenger fares: U.S. Payments to foreign carriers (line 21)	2,748	3,388	3,184	3,687	4,487
Total travel and passenger fare receipts	7,175	8,423	10,118	12,111	14,623
Travel: Receipts from foreign visitors in the United States (line 4)	6,150	7,183	8,441	10,058	12,168
Passenger fares: Receipts of U.S. carriers for transportation of foreign visitors to and from the United States (part of line 5)	1,025	1,239	1,677	2,053	2,455
Net travel and passenger fare payments	3,024	2,948	2,779	1,923	1,224

1. Excludes fares paid by foreigners to U.S. carriers for transportation between two foreign points.
 Note.—References in parentheses are to lines in tables 1, 2, and 10 of the quarterly presentations of U.S. international transactions in the March, June, September, and December issues of the Survey of Current Business.

Table 2.—U.S. Receipts From Foreign Visitors in the United States

(Millions of dollars)

	1977	1978	1979	1980	1981
Total U.S. travel receipts	6,130	7,183	8,441	10,058	12,168
Canada	2,150	2,248	2,892	2,428	2,624
Mexico	1,815	1,456	1,376	2,522	2,688
U.S. border area	967	853	1,268	1,814	2,600
Overseas	2,684	2,479	4,374	5,108	6,716
Western Europe	1,003	1,323	1,687	1,948	2,163
United Kingdom	205	308	376	468	585
France	121	140	198	216	285
Germany	268	458	448	600	557
Italy	61	70	84	96	96
Netherlands	87	84	87	108	118
Sweden	40	54	n.s.	n.s.	n.s.
Switzerland	51	72	n.s.	n.s.	n.s.
Other	265	282	n.s.	n.s.	n.s.
Caribbean and Central America	276	322	375	417	474
South America	455	650	799	977	1,168
Other areas	950	1,174	1,588	1,772	1,992
Japan	450	530	698	774	855

n.s. Not available.

Table 3.—Average Expenditures of Overseas Visitors in the United States, by Area

[Dollars]					
	1977	1978	1979	1980	1981
Total.....	595	604	605	662	708
Western Europe.....	532	533	532	576	609
Caribbean and Central America.....	478	458	439	499	545
South America.....	794	854	797	836	908
Other.....	645	650	686	759	809

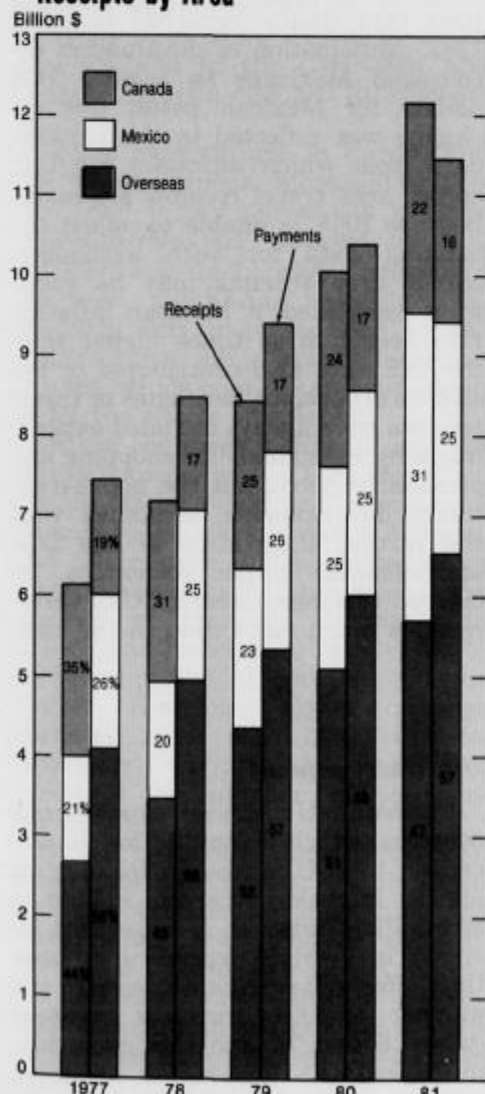
of the appreciation's impact was felt in 1981, because the effect of exchange rate changes on travel is often a lagged one, due to the time involved in planning an international trip.

Foreign travel in the United States

Overseas.—Travel receipts from overseas visitors, which accounted for 47 percent of all travel receipts, to-

CHART 8

U.S. Travel Payments and Receipts by Area



U.S. Department of Commerce, Bureau of Economic Analysis

82-4-8

Table 4.—Foreign Visitors to the United States from Overseas, by Area and Type of Visa

[Thousands]					
	1977	1978	1979 ^a	1980 ^a	1981 ^a
Total.....	4,509	5,764	7,230	7,706	8,069
Europe.....	1,885	2,483	3,135	3,368	3,530
Caribbean and Central America.....	578	703	855	835	869
South America.....	573	773	995	1,168	1,221
Other areas.....	1,473	1,805	2,245	2,335	2,449
Japan.....	750	886	1,095	n.a.	n.a.
Business.....	641	763	945	1,040	1,092
Europe.....	334	398	495	541	565
Caribbean and Central America.....	53	59	70	74	78
South America.....	53	62	80	93	98
Other areas.....	201	244	300	332	351
Japan.....	93	111	135	n.a.	n.a.
Pleasure.....	3,530	4,598	5,805	6,312	6,534
Europe.....	1,438	1,962	2,490	2,720	2,840
Caribbean and Central America.....	482	588	729	716	739
South America.....	483	666	860	1,033	1,065
Other areas.....	1,127	1,382	1,735	1,843	1,890
Japan.....	636	745	925	n.a.	n.a.
Transit.....	206	229	265	170	241
Europe.....	98	102	120	79	85
Caribbean and Central America.....	26	36	40	26	28
South America.....	21	22	25	17	26
Other areas.....	61	69	80	48	102
Japan.....	10	15	20	n.a.	n.a.
Student.....	132	174	215	184	202
Europe.....	15	21	30	28	40
Caribbean and Central America.....	17	20	25	19	24
South America.....	16	23	30	25	32
Other areas.....	84	110	130	112	106
Japan.....	11	15	15	n.a.	n.a.

^a Preliminary.

NOTE.—Data are not adjusted for multiple entries on a single trip.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, based on data of U.S. Department of Justice, Immigration and Naturalization Service.

Table 5.—Travel Payments of U.S. Travelers in Foreign Countries, by Area

[Millions of dollars]					
	1977	1978	1979	1980	1981
Total travel payments.....	7,451	8,475	9,413	10,397	11,460
Canada.....	1,433	1,407	1,599	1,817	2,033
Mexico.....	1,918	2,121	2,460	2,564	2,880
Mexico border area.....	1,165	1,128	1,291	1,416	1,643
Overseas.....	4,100	4,947	5,354	6,016	6,547
Europe and Mediterranean ¹	2,398	2,942	3,185	3,412	3,587
Western Europe.....	2,103	2,600	2,842	3,021	3,123
United Kingdom.....	585	771	826	903	952
France.....	233	287	355	383	375
Italy.....	240	260	300	360	301
Switzerland.....	145	153	158	150	127
Germany.....	203	220	283	322	361
Austria.....	73	75	84	104	74
Denmark.....	51	70	54	49	65
Sweden.....	40	52	38	42	65
Norway.....	37	49	47	51	89
Netherlands.....	49	65	71	95	75
Belgium-Luxembourg.....	34	37	50	44	45
Spain.....	151	213	200	173	208
Portugal.....	37	53	58	69	41
Ireland.....	97	110	115	103	84
Greece.....	102	140	163	139	171
Other Western Europe.....	26	45	40	34	90
Other Europe and Mediterranean.....	295	342	343	391	464
Israel.....	146	144	157	179	192
Other.....	149	198	186	212	272
Caribbean and Central America.....	790	888	1,019	1,134	1,277
Bermuda.....	123	136	164	191	192
Bahamas.....	158	198	224	262	243
Jamaica.....	100	118	122	118	127
Other British West Indies.....	144	153	190	189	252
Netherlands West Indies.....	106	114	138	157	249
Other West Indies and Central America.....	159	169	181	217	214
South America.....	254	306	288	392	383
Other areas.....	658	811	862	1,078	1,300
Japan.....	149	155	142	185	214
Hong Kong.....	87	113	137	145	151
Australia-New Zealand.....	92	123	153	234	343
Other.....	330	420	430	514	592

1. Includes all European countries, Algeria, Cyprus, Egypt, Israel, Lebanon, Libya, Malta, Morocco, Syria, Tunisia, and Turkey.

NOTE.—Includes shore expenditures of cruise travelers.

taled \$5.7 billion, up 12 percent from 1980 (table 2 and chart 8). The increase was due to both higher average expenditures, up 7 percent, and an increase in the number of visitors, up 5 percent (tables 3 and 4). A substantial slowing in the increase in the number of overseas visitors in 1980-81 from the peak rates of 1978-79, reflected sharply higher air fares, the strength of the U.S. dollar, and recession and attendant unemployment in the major industrial countries.

The geographic distribution of travel receipts from overseas remained virtually unchanged from 1980. In 1981, Europe accounted for 38 percent of travel receipts and 44 percent of visitors. The "Other areas,"

primarily the Far East, accounted for 35 percent of travel receipts and 30 percent of visitors. Of the remaining one-quarter of receipts and visitors, receipts from South America were 19 percent of the total and visitors from that area were 15 percent. Receipts from the Caribbean and Central America were 8 percent of the total; 11 percent of foreign visitors were from that area (chart 9).

Canada.—Travel receipts from Canada accounted for 22 percent of total travel receipts, down from 24 percent in 1980. Canadian visitors spent \$2.6 billion here, an increase of 8 percent. Average expenditures in the United States increased 12 percent and more than compensated for

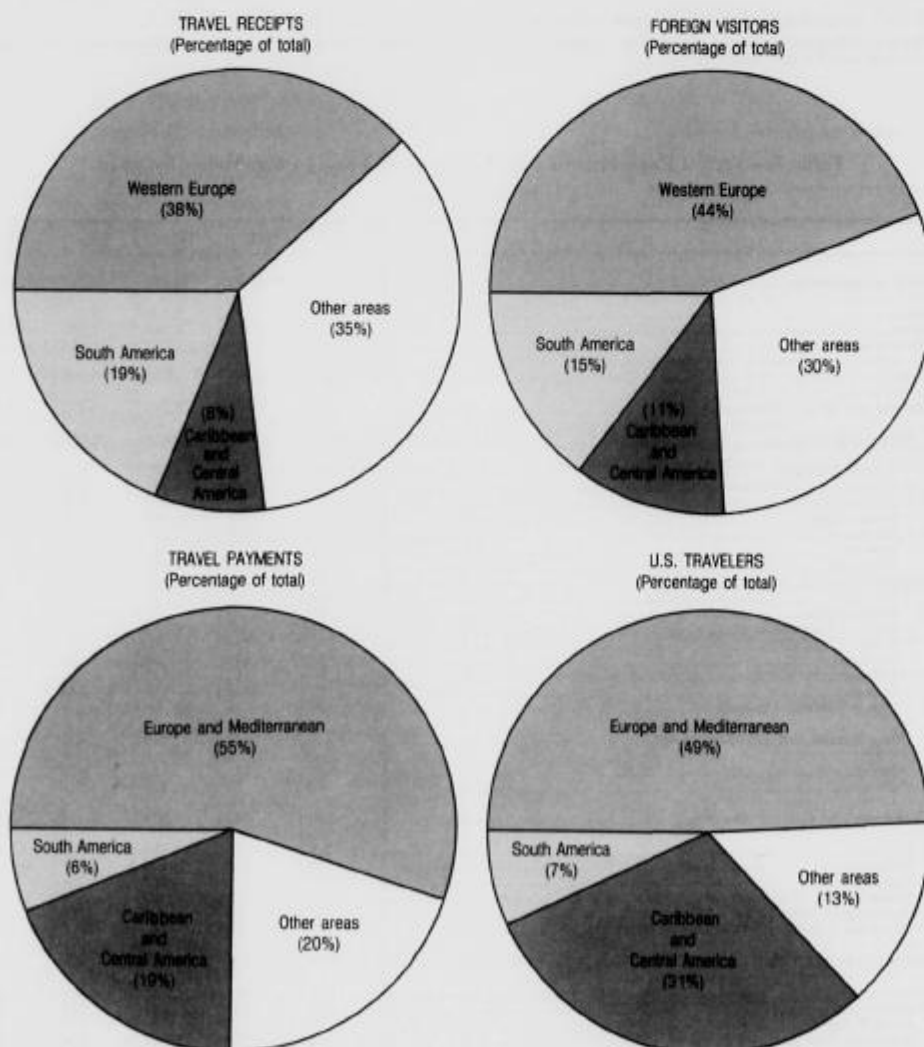
the 3-percent decrease in the number of Canadian visitors. The weakness of the Canadian dollar against the U.S. dollar and higher U.S. gasoline prices discouraged Canadian travel to the United States. Visitors returning to Canada the same day they entered the United States accounted for 66 percent of all Canadian travel here. Auto travel accounted for 85 percent of all Canadian travel.

Mexico.—Travel receipts from Mexico accounted for 31 percent of all travel receipts in 1981, up from 25 percent the previous year. Mexican travel spending in the United States totaled \$3.8 billion, up 52 percent. Receipts in the U.S. border area were up 61 percent to \$2.6 billion, and receipts in the U.S. interior increased 35 percent to \$1.2 billion.

Estimates of travel receipts from Mexico, especially in the border area, were strongly influenced by the anticipated devaluation of the Mexican peso that finally occurred in early 1982. Anticipation of devaluation encouraged Mexicans to acquire U.S. dollars for Mexican pesos; this exchange was reflected in the banking data from which estimates for U.S. border area travel receipts are made. Because BEA is unable to adjust the banking data for such exchanges, border area receipts may be somewhat overstated. A Mexican inflation rate nearly three times higher than the U.S. rate also contributed to the step-up of receipts. Estimates of travel receipts have always included expenditures by individuals for shopping and personal services, but the above-mentioned developments, combined with the further integration of the U.S. and Mexican border economies, increased this component of U.S. travel receipts much more than in the past.

CHART 9

Overseas Travel, 1981



U.S. travel abroad

Overseas.—U.S. travel expenditures overseas, which accounted for 57 percent of total U.S. travel expenditures abroad, increased 9 percent in 1981 to \$6.5 billion (table 5). A 10-percent increase in average expenditures more than offset a 2-percent decrease in the number of U.S. travelers overseas (tables 6 and 7). The U.S. recession, unemployment, and higher air fares discouraged U.S. travel overseas, de-

spite the increased value of the U.S. dollar relative to most foreign currencies.

As a proportion of U.S. travelers and travel expenditures overseas, travel to Europe and the Mediterranean decreased while travel to "Other areas," primarily the Far East, increased. Travel to Europe and the Mediterranean accounted for 55 percent of travel expenditures overseas and 49 percent of U.S. travelers, down from 60 percent and 53 percent, respectively, in 1978-79. Among European countries, the United Kingdom received the largest share of U.S. travel expenditures and travelers—27 percent and 33 percent, respectively. France was second, receiving 11 percent and 22 percent. Germany was a close third receiving 10 percent and 21 percent. Travel spending in "Other areas," primarily the Far East, accounted for 20 percent of travel expenditures, up from 16 percent in 1977-79, and 13 percent of travelers, up from 10 percent. Travel to South America and to the Caribbean and Central America changed little (chart 9).

Travel expenditures in Europe and the Mediterranean increased 5 percent, due to an increase in average expenditures; the number of U.S. travelers was unchanged. Throughout the area, purchasing power of U.S. travelers was increased due to the dollar's appreciation against local currencies, which more than compensated for the effects of inflation.

Of the countries in Europe and the Mediterranean where U.S. travel expenditures increased, the increases in Germany, Denmark, Sweden, Norway, and Spain were due to increases in both average expenditures and the number of travelers. Increases in Greece and Israel were mostly due to higher numbers of travelers. In the United Kingdom, higher average spending more than offset the decline—for the third consecutive year—in the number of travelers there.

Of the countries where U.S. travel expenditures decreased, in Italy, Switzerland, Austria, Portugal, and The Netherlands, both average expenditures and the number of U.S. travelers decreased, and in France and Ireland a decline in the number of travelers more than offset an increase in average expenditures.

Travel expenditures in the Caribbean and Central America increased 13 percent. A 21-percent increase in average expenditures more than offset a 7-percent decrease in the number of travelers.

Travel expenditures in South America declined 2 percent, following a

large increase in 1980. Average expenditures were up 2 percent, but the number of travelers declined 5 percent from a high 1980 level.

Travel expenditures in "Other areas," primarily the Far East, in-

(Continued on p. 78)

Table 6.—Average Expenditures of U.S. Travelers Overseas, by Area

	(Dollars)				
	1977	1978	1979	1980	1981
Total	543	634	672	728	808
Europe and Mediterranean	612	717	768	867	972
Western Europe	574	664	735	806	n.a.
United Kingdom	375	447	511	572	743
France	296	355	378	431	436
Italy	388	362	415	481	415
Switzerland	234	267	285	284	253
Germany	254	288	328	485	433
Austria	203	175	206	248	242
Denmark	214	256	282	271	313
Sweden	222	244	273	311	376
Norway	352	397	443	432	583
Netherlands	155	175	187	241	227
Belgium-Luxembourg	142	165	185	181	179
Spain	452	407	457	478	524
Portugal	276	272	297	373	397
Ireland	326	372	414	431	508
Greece	397	498	529	489	488
Other Western Europe	n.a.	n.a.	n.a.	n.a.	n.a.
Israel	462	520	603	619	623
Other	n.a.	n.a.	n.a.	n.a.	n.a.
Caribbean and Central America	328	349	367	336	463
South America	526	504	604	598	674
Other areas	830	1,007	1,078	1,084	1,191

n.a. Not available.

Note.—Excludes share expenditures of cruise travelers.

Table 7.—U.S. Travelers Overseas

	(Thousands)				
	1977	1978	1979	1980	1981
Total	7,298	7,189	7,335	8,163	8,990
Europe and Mediterranean	3,929	4,105	4,068	3,394	3,391
Western Europe	3,663	3,814	3,886	3,746	n.a.
United Kingdom	1,569	1,725	1,817	1,580	1,281
France	795	882	943	896	883
Italy	716	718	718	749	726
Switzerland	829	672	636	629	592
Germany	788	765	864	787	834
Austria	305	425	419	420	366
Denmark	238	271	266	181	286
Sweden	189	213	186	135	178
Norway	147	165	187	118	187
Netherlands	317	363	319	395	330
Belgium-Luxembourg	240	284	337	243	302
Spain	384	324	443	368	397
Portugal	134	185	185	185	136
Ireland	303	290	278	233	187
Greece	254	284	369	284	390
Other Western Europe	122	213	167	158	n.a.
Israel	316	277	268	289	366
Other	499	606	569	497	n.a.
Caribbean and Central America	2,283	2,365	2,548	2,824	2,453
South America	483	515	434	594	667
Other areas	734	905	900	1,011	1,869

Note.—Excludes cruise travelers.

n.a. Not available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, based on data of U.S. Department of Justice, Immigration and Naturalization Service.

(Continued from p. 21)

Summary.—A tentative evaluation of planned spending for PA plant and equipment compared with actual spending indicates that:

- (1) The correlation of planned and actual levels of spending is moderately strong; the correlation of planned and actual changes is less strong, although significant.

- (2) Actual spending often fell short of planned spending in 1974-81; the regularity of the shortfall probably reflects characteristics of the PA regulatory process.

- (3) The systematic bias adjustment procedure currently used is performing well; it reduces mean absolute percent deviation. A systematic bias adjustment procedure specifically designed for PA

might further reduce absolute percent deviation between planned and actual spending.

- (4) After adjustment for systematic bias, reported plans for 1975-81, usually outperform projections of spending based on two mechanical rules; this result appears to be attributable to the bias adjustment, especially for durable goods industries.

(Continued from p. 35)

creased 21 percent due to a 12-percent rise in average expenditures and an 8-percent rise in the number of travelers. This was the only overseas area in which there was an increase in the number of U.S. travelers.

Canada.—U.S. travel payments to Canada accounted for 18 percent of total U.S. travel expenditures, at \$2.0 billion, they were up 12 percent from 1980. Average expenditures increased 8 percent and the number of U.S. travelers increased 3 percent.

U.S. auto travelers to Canada returning the same day they entered accounted for 68 percent of travelers to Canada in both 1980 and 1981, up from 58 percent in 1977-79. Lower Canadian gasoline prices contributed to the 1980 increase. Canadian prices remained attractive to U.S. border area residents in 1981, although the gasoline price differential decreased toward the end of the year, as did same-day auto travel from the United States.

Travel to Canada over land (auto, bus, or train) accounted for 93 percent of all U.S. travel to Canada in 1981,

up from 85 percent in 1977-78. The attraction of lower Canadian gasoline prices and higher air fares were largely responsible for the change.

Mexico.—U.S. travel payments to Mexico increased 12 percent to \$2.9 billion, accounting for 25 percent of total U.S. travel expenditures. Expenditures in the Mexican border area increased 16 percent to \$1.6 billion, as lower Mexican gasoline prices drew U.S. border area residents to Mexico to purchase gasoline. Expenditures in Mexico's interior increased 8 percent to \$1.2 billion, following a decrease in 1980.